

1 **Rule 1.5. Requirements for Written Contract and Fees.**

2 (a) Before providing any services, a licensed paralegal practitioner shall provide the client
3 with a written contract that:

4 (a)(1) states the purpose for which the licensed paralegal practitioner has been hired;

5 (a)(2) states the services to be performed;

6 (a)(3) states the rate or fee for the services to be performed and whether and to what extent
7 the client will be responsible for any costs, expenses or disbursements in the course of the
8 representation;

9 (a)(4) includes a statement printed in 12-point boldface type that the licensed paralegal
10 practitioner is not an attorney and is limited to practice in only those areas in which the licensed
11 paralegal practitioner is licensed;

12 (a)(5) includes a provision stating that the client may report complaints relating to a licensed
13 paralegal practitioner or the unauthorized practice of law to the Utah State Bar, including a toll-
14 free number and Internet website;

15 (a)(6) identifies the document to be prepared;

16 (a)(7) explains the purpose of the document;

17 (a)(8) explains the process to be followed in preparing the document;

18 (a)(9) states whether the licensed paralegal practitioner will be filing the document on the
19 client's behalf; and

20 (a)(10) states the approximate time necessary to complete the task.

21 (b) A licensed paralegal practitioner may not make an oral or written statement guaranteeing
22 or promising an outcome, unless the licensed paralegal practitioner has some basis in fact for
23 making the guarantee or promise.

24 (c) A written contract is void if not written in accordance with this section.

25 (d) A licensed paralegal practitioner shall not make an agreement for, charge or collect an
26 unreasonable fee or an unreasonable amount for expenses. The factors to be considered in
27 determining the reasonableness of a fee include the following:

28 (d)(1) the time and labor required and the skill requisite to perform the legal service properly;

29 (d)(2) the likelihood, if apparent to the client, that the acceptance of the particular
30 employment will preclude other employment by the licensed paralegal practitioner;

31 (d)(3) the fee customarily charged in the locality for similar legal services;

32 (d)(4) the amount involved and the results obtained;

33 (d)(5) the time limitations imposed by the client or by the circumstances;

34 (d)(6) the nature and length of the professional relationship with the client; and

35 (d)(7) the experience, reputation and ability of the licensed paralegal practitioner or licensed
36 paralegal practitioners performing the services.

37 (d)(8) Reserved.

38 (e) Any changes in the basis or rate of the fee or expenses shall also be communicated to the
39 client.

40 (f) A licensed paralegal practitioner may not enter into a contingency fee agreement with a
41 client.

42 (g) A division of a fee between licensed paralegal practitioners who are not in the
43 same firm may be made only if:

44 (g)(1) the division is in proportion to the services performed by each licensed paralegal
45 practitioner or each licensed paralegal practitioner assumes joint responsibility for the
46 representation;

47 (g)(2) the client agrees to the arrangement, including the share each licensed paralegal
48 practitioner will receive, and the agreement is confirmed in writing; and

49 (g)(3) the total fee is reasonable.

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51 Comment

52 Reasonableness of Fee and Expenses

53 [1] Paragraph (d) requires that licensed paralegal practitioners charge fees that are reasonable
54 under the circumstances. The factors specified in (d)(1) through (d)(7) are not exclusive. Nor will
55 each factor be relevant in each instance. Paragraph (d) also requires that expenses for which the
56 client will be charged must be reasonable. A licensed paralegal practitioner may seek
57 reimbursement for the cost of services performed in-house, such as copying, or for other
58 expenses incurred in-house, such as telephone charges, either by charging a reasonable amount
59 to which the client has agreed in advance or by charging an amount that reasonably reflects the
60 cost incurred by the licensed paralegal practitioner.

61 [2] Reserved.

62 [3] Reserved.

63 Terms of Payment

64 [4] A licensed paralegal practitioner may require advance payment of a fee but is obligated to
65 return any unearned portion. See Rule 1.16(d). A licensed paralegal practitioner may accept
66 property in payment for services, such as an ownership interest in an enterprise, providing this
67 does not involve acquisition of a proprietary interest in the cause of action or subject matter of
68 the litigation contrary to Rule 1.8(i). However, a fee paid in property instead of money may be
69 subject to the requirements of Rule 1.8(a) because such fees often have the essential qualities of
70 a business transaction with the client.

71 [5] An agreement may not be made whose terms might induce the licensed paralegal practitioner
72 improperly to curtail services for the client or perform them in a way contrary to the client's
73 interest. For example, a licensed paralegal practitioner should not enter into an agreement
74 whereby services are to be provided only up to a stated amount when it is foreseeable that more
75 extensive services probably will be required, unless the situation is adequately explained to the
76 client. Otherwise, the client might have to bargain for further assistance in the midst of a
77 proceeding or transaction. However, it is proper to define the extent of services in light of the
78 client's ability to pay. A licensed paralegal practitioner should not exploit a fee arrangement
79 based primarily on hourly charges by using wasteful procedures.

80 [6] Prohibited Contingent Fees. Paragraph (f) prohibits a licensed paralegal practitioner from
81 charging a contingent fee.

82 Division of Fees

83 [7] A division of fee is a single billing to a client covering the fee of two or more licensed
84 paralegal practitioners or a licensed paralegal practitioner and a lawyer who are not in the same
85 firm. A division of fee facilitates association of more than one licensed paralegal practitioner or
86 lawyer in a matter in which neither alone could serve the client as well, and most often is used
87 when the fee is contingent and the division is between a referring licensed paralegal practitioner
88 and a lawyer or trial specialist. Paragraph (g) permits the division of a fee either on the basis of

89 the proportion of services they render or if each practitioner assumes responsibility for the
90 representation as a whole. In addition, the client must agree to the arrangement, including the
91 share that each practitioner is to receive, and the agreement must be confirmed in writing. Joint
92 responsibility for the representation entails financial and ethical responsibility for the
93 representation as if the licensed paralegal practitioner and the other licensed paralegal
94 practitioner or lawyer were associated in a partnership. A licensed paralegal practitioner should
95 only refer a matter to a licensed paralegal practitioner or lawyer whom the referring licensed
96 paralegal practitioner reasonably believes is competent to handle the matter. See Rule 1.1.

97 [8] Paragraph (g) does not prohibit or regulate division of fees to be received in the future for
98 work done when licensed paralegal practitioners were previously associated in a law firm.

99 Disputes Over Fees

100 [9] If a procedure has been established for resolution of fee disputes, such as an arbitration or
101 mediation procedure established by the Bar, the licensed paralegal practitioner must comply with
102 the procedure when it is mandatory, and, even when it is voluntary, the licensed paralegal
103 practitioner should conscientiously consider submitting to it.